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October 1, 2002

Sent via e-mail, hand-delivery, and/or U.S. Mail

Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Verizon's Alternative Regulation Plan, D.T.E. 01-31 (Phase II)

Dear Ms. Cottrell:

Enclosed for filing please find the Attorney General's Fifth Set of Document and Information Requests to Verizon Massachusetts, AG-VZ-5-1 and 5-14, and a Certificate of Service.

Sincerely,

Karlen J. Reed
Assistant Attorney General
Utilities Division
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KJR/kr

Enc.

cc: D.T.E. 01-31 (Phase II) Service List (w/enc.)

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

<hr/> Investigation by the Department of Telecommunications and Energy on) its own Motion into the Appropriate Regulatory Plan to succeed Price Cap) Regulation for Verizon New England, Inc. d/b/a Verizon Massachusetts') intrastate retail telecommunications services in the Commonwealth) of Massachusetts) <hr/>	D.T.E. 01-31 Phase II
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**ATTORNEY GENERAL'S
FIFTH SET OF DOCUMENT AND INFORMATION REQUESTS
TO VERIZON MASSACHUSETTS**

INSTRUCTIONS

1. These Document and Information Requests call for all information, including information contained in documents, which relates to the subject matter of the requests and which is known or available to Verizon New England d/b/a Verizon Massachusetts ("Verizon MA" or "Company") or to any individual or entity sponsoring testimony or retained by the Company to provide information, advice, testimony or other services in connection with this proceeding.
2. Where a Request has a number of separate subdivisions or related parts or portions, a complete response is required to each such subdivision, part, or portion. Any objection to a Request should clearly indicate the subdivision, part, or portion of the Request to which it is directed.
3. If information requested is not available in the exact form requested, provide such information or documents as are available that best respond to the Request.
4. These requests are continuing in nature and require supplemental responses when further or different information with respect to the same is obtained.
5. Each response should be furnished on a separate page headed by the individual Request being answered. Individual responses of more than one page should be stapled or bound and each page consecutively numbered.

6. Each Document and Information Request to "Please provide all documents..." or similar phrases includes a request to "identify" all such documents. "Identify" means to state the nature of the document, the date on which it was prepared, the subject matter and the titles and the names and positions of each person who participated in the preparation of the document, the addressee and the custodian of the documents. To the extent that a document is self-identifying, it need not be separately identified.
7. For each document produced or identified in a response which is computer generated, state separately (a) what types of data, files, or tapes are included in the input and the source thereof, (b) the form of the data which constitutes machine input (e.g., punch cards, tapes), (c) a description of the recordation system employed (including descriptions, flow charts, etc.), and (d) the identity of the person who was in charge of the collection of input materials, the processing of input materials, the data bases utilized, and the programming to obtain the output.
8. If a Document and Information Request can be answered in whole or part by reference to the response to another Request served in this proceeding, it is sufficient to so indicate by specifying the other Request by participant and number, by specifying the parts of the other response which are responsive, and by specifying whether the response to the other Request is a full or partial response to the instant Request. If it constitutes a partial response, the balance of the instant Request must be answered.
9. If the Company cannot answer a Request in full, after exercising due diligence to secure the information necessary to do so, state the answer to the extent possible, state why the Company cannot answer the Request in full, and state what information or knowledge is in the Company's possession concerning the unanswered portions.
10. If, in answering any of these Document and Information requests, you feel that any Request or definition or instruction applicable thereto is ambiguous, set forth the language you feel is ambiguous and the interpretation you are using responding to the Request.
11. If a document requested is no longer in existence, identify the document, and describe in detail the reasons the document is unavailable.
12. Provide copies of all requested documents. A response which does not provide the Attorney General with the responsive documents, and requests the Attorney General to inspect documents at any location is not responsive.

13. If you refuse to respond to any Document and Information Request by reason of a claim of privilege, or for any other reason, state in writing the type of privilege claimed and the facts and circumstances you rely upon to support the claim of privilege or the reason for refusing to respond. With respect to requests for documents to which you refuse to respond, identify each such document.
14. Each request for information includes a request for all documentation which supports the response provided.
15. Provide three copies of each response.
16. Unless the Request specifically provides otherwise, the term "Company" refers to Verizon MA's intrastate operations and includes all witnesses, representatives, employees, and legal counsel.
17. Please furnish each response on a separate sheet of paper, beginning with a restatement of the question.
18. Please provide all responses to requests within 10 calendar days from receipt of request, as per the Hearing Officer's Ground Rules issued May 7, 2001.

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AG-VZ-5-1 As of August 1, 2002, Verizon MA reclassified each call made from a residential access lines to a wireless cell phone as a toll call if the wireless cell phone number was based outside the landline caller's local calling area, *i.e.*, did not contain the same first six digits (NPA-NXX) as the residential access line.

- a. How were these calls rated before August 1, 2002?
- b. Why did Verizon reclassify calls to cell phones with phone numbers outside the caller's local calling area as toll calls?
- c. Did Verizon conduct any studies, including minutes of use or usage patterns, in evaluating the merits of reclassifying calls to cell phones as toll calls?
- d. If so, please provide copies of the studies, including the time period covered, the central offices upon which the studies were based, the minutes of usage, and the expected impact on revenue to the Company from this reclassification.
- e. How many Massachusetts residential customers does Verizon estimate will be affected by this reclassification?
- f. Please provide copies of all bill inserts and notices to customers describing this reclassification.
- g. Did the Company file a tariff that incorporated this reclassification? If so, please provide a copy of the tariff revisions. If not, please provide the Departmental precedent permitting the Company to reclassify this type of residential service.
- h. Does the reclassification raise a consumer's cost of the residential landline phone call by being billed for the call at a toll rate, rather than at a local rate? If not,

please explain why.

- i. Please provide an analysis of the price increase or decrease to a landline consumer for a Verizon landline call to a “non-local” cell phone, both before and after the reclassification.
- j. Aside from residential landline calls to cell phones, what other residential services has Verizon reclassified from local calls to toll calls in the past two years?

AG-VZ 5-2 Please refer to Dr. Taylor’s Rebuttal Testimony, page 4, lines 27-28: Dr. Taylor states that “The most effective way to assure that rates ‘reasonably approximate’ those that would be obtained in a competitive market is to allow market forces to determine the rates.”

- a. In light of this statement, please explain why Dr. Taylor believes it is appropriate to limit the increase in residential rates to five percent per annum.
- b. Why shouldn’t the rates be increased or be permitted to increase by a larger percentage?

AG-VZ 5-3 How would Verizon measure, report, and implement the appropriate service quality penalty under the current Quality of Service system for adverse residential and business service quality impacts and effects caused by labor disruptions and actions?

AG-VZ 5-4 Please refer to the Direct Testimony of Paula Brown, page 14, lines 5-12. Please describe Verizon’s LifeLine customer program and list the requirements for qualification.

AG-VZ 5-5 Please describe Verizon’s Link-up America customer program and list the requirements for qualification.

- a. Does Verizon’s Plan protect Link-up America customers from any additional basic service rate increases? If yes, what are those protections? If not, why not?

AG-VZ 5-6 Please refer to the Company’s response to DTE-VZ 2-1. What percentage of CLEC special access orders and provisioning intervals fall under the jurisdiction of the DTE?

AG-VZ 5-7 Please refer to the Company’s response to AG-VZ 1-4, last paragraph: “The total price increase on those lines is reduced by the prevailing discounts.”

- a. Is the Company referring to the current resale discount rates?

- b. What are the Company's current resale discount rates?
- c. When does the Company intend to propose new resale discount rates?
- d. How a decrease in the resale discount rates (e.g., from 25% to 14%) affect the total price increase?

AG-VZ 5-8 Please refer to the Company's response to AG-VZ 2-5, Section 5, IntraLATA Presubscription Tracking Report.

- a. Is the 84.7% Verizon presubscribed ILP lines for July 1-31, 2002, a combined figure for business and residential?
- b. If yes, please identify the overall percentage of ILP residential retail lines presubscribed to Verizon for that time period.

AG-VZ 5-9 Please refer to the Direct Testimony of Paula Brown, page 2, lines 15-17, page 12, lines 19-20, and page 13, lines 1-19.

- a. How long do Ms. Brown and Mr. Conroy estimate the transition period will continue before Verizon seeks full pricing flexibility for residential services in Massachusetts?
- b. Please provide copies of all Verizon documents and studies that discuss when the Company should seek full pricing flexibility for residential services in Massachusetts.

AG-VZ 5-10 Please refer to the Company's response to AG-VZ 3-17 and the Direct Testimony of Paula Brown, page 13, lines 15-17.

- a. Please identify the "historical information" upon which Ms. Brown relies to conclude that "Residence Basic rates are likely below their efficient levels."

AG-VZ 5-11 Please refer to the Company's response to AG-VZ 3-18. Has Verizon complied with the Department's price cap restrictions after August 15, 2001, the day the Price Cap Plan expired?

- a. If yes, please provide an analysis in the form of the price cap compliance filings showing that Verizon's retail prices have complied with the Department's pricing rules under DPU 94-50 since August 15, 2001.
- b. If not, what does Verizon contend has been restricting its prices to ensure just and reasonable residential rates since August 15, 2001?

AG-VZ 5-12 Please refer to the Company's responses to AG-VZ-3-20 and to DTE 1-10 dated April 25, 2001. Verizon states: "[S]trictly speaking, there should be negligible response in the demand for switched access services stemming from a change in the price of switched access services exclusively. Only if interexchange carriers passed through switched access price reductions in the form of lower toll prices would there be a measurable change in the volume of switched access minutes. There would be no demand response from a reduction in switched access charges by themselves."

- a. Does Dr. Taylor contend that switch access reductions implemented in the past five years have been completely passed through to retail customers in the form of lower toll prices, or does Dr. Taylor believe that only a portion of the access reductions were reflected in the reduction of retail toll rates? Include in the response any papers or studies that support the response.
- b. Does Dr. Taylor anticipate that the proposed switch access reductions will be completely passed through to retail customers in the form of lower toll prices, or does Dr. Taylor believe that only a portion of the access reductions will be reflected in the reduction of retail toll rates? Explain.
- c. Dr. Taylor states that "the own-price elasticity for intraLATA toll was assumed to be -0.30 ." Please explain why the value of -0.3 was used in the attachment to Ms. Brown's Direct Testimony, rather than a lower or higher elasticity of demand value.

AG-VZ 5-13 Please provide a copy of the following paper referenced in Exh. WET-1, page 4 of 33, Dr. Taylor's Direct Testimony: William Taylor and Lester Taylor, "Post-Divestiture Long-Distance Competition in the United States," American Economic Review, Vol. 83, No. 2, May 1993.

AG-VZ 5-14 Please refer to the Company's response to AG-VZ-3-21-F. The question asked: "Assume that RCN's plan 2 provides the same calling area as Verizon's flat rate plan of \$16.85. Why would it be efficient for Verizon to raise the price of its flat rate plan since RCN's service would be available at a lower rate?" Verizon responded that "It may not always be efficient for Verizon MA to raise the price of a particular service." Under what conditions would it be efficient for society, rather than Verizon, for the Company to raise its price?

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding by either hand delivery, mail, and/or e-mail.

Dated at Boston this 1st day of October, 2002.

Karlen J. Reed Assistant Attorney General Utilities Division 200 Portland Street, 4th Floor Boston, MA 02114 (617) 727-2200	
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